

2. Budget resolution by Council

**TABLEING OF TSWELOPELE LOCAL MUNICIPALITY DRAFT ANNUAL BUDGET
FOR 2017/2018 FINANCIAL YEAR.**

AGENDA : COUNCIL MEETING

DATE : 22 MARCH 2017

1. PURPOSE

This item is submitted to Council for consideration and tabling of the annual budget FOR 2017/2018 Financial year and two outer years (i.e. 2018/19 and 2019/2020) as required by the Municipal Finance Management Act, 2003 [Act 56 of 2003] .

2. BACKGROUND

In terms of the Municipal Finance Management Act, 2003, Act 56 of 2003, section 24 (2)(a), the annual budget of the Municipality must be approved before the start of the new financial year, section 24 (2)(b), annual budget is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i) and section 24 (2)(c) annual budget of the Municipality must be approved together with the adoption of resolutions as may be necessary.

It is crucial that the municipal council approves the annual budget before the start of the financial year.

In order to comply with the above requirements, the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year, latest being 31st March 2017.

- Compliance to the Municipal Budget and Reporting Regulations.

5. STAFF IMPLICATIONS

None

6. FINANCIAL IMPLICATIONS

Approval of the item as submitted will constitute the tabled budget for the 2017/18 financial year, this budget will undergo community consultation processes, and the final budget will be approved by council on the latest on 30th June 2017.

The following are the proposed tariff increases for 2017/2018 financial years.

- Property Rates : 6.36 % for agricultural properties
- Property Rates : 6,36 % for all other properties
- Water : 6.36 %
- Refuse : 6,36 %
- Sanitation : 6,36 %
- Electricity : 1.88%

All other tariff increases are as per the tariff list of the municipality.

The salaries are budgeted at 7.36% increase as per the South African Local Government Bargaining Council collective agreement.

7. RISKS

- Failure to approve the draft budget by municipal council may result in failure to meet the deadline for approval of the final budget not to be met, and the results thereof will result in all expenditure being approved by the Member of the Executive Council (MEC) responsible for local government in the province prior to being incurred.
- The municipality maybe unable to render services to the community due to no availability of financial resources if the budget is not approved.
- Section 139 of the Constitution may be imposed on the Council of the Municipality

8. ANNEXURES

- Draft Budget Document with tables A1 – A10 in terms of the Municipal Budget and Reporting Regulations,

- Summary of Budget Related Policies
- Annual tariffs
- Quality certificate by the Municipal Manager

9. RECOMMENDATION:

1. Council to resolve that the draft annual budget of the Municipality for the financial year 2017/2018, 2018/2019 and 2019/2020 be adopted for consultation purposes:
 - [a] Table A1: Budgeted Summary
 - [b] Table A2: Budgeted financial performance [revenue & expenditure by functional classification]
 - [c] Table A3: Budgeted financial performance [revenue & expenditure municipal vote]
 - [d] Table A4: Budgeted Financial performance [revenue & expenditure]
 - [e] Table A5: Budgeted capital Expenditure by vote, functional classification and funding
 - [f] Table A6: Budgeted financial position
 - [g] Table A7: Budgeted cash flow
 - [h] Table A8: Cash backed reserves/accumulated surplus reconciliation
 - [i] Table A9: Asset Management
 - [j] Table A10: Basic Services Delivery Measurement
2. Council hereby resolve that the following budget related policies be work shopped before final approval in June 2017:
 - [a] Budget Policy
 - [b] Virement Policy
 - [c] Funding and reserves policy
 - [d] Banking/ cash and investment policy
 - [e] Credit Control and debt collection policy

- [f] Indigent support policy
- [g] Bad debt write-off policy
- [h] Property rates policy
- [i] Tariffs policy
- [j] Supply chain management policy
- [k] Asset Management Policy
- [l] Deposit Policy
- [m] Customer Care Policy
- [n] Financial System of Delegations (Reviewed to be in line with MFMA Circular 73)
- [o] SCM Policy on Infrastructure Assets
- [p] Petty Cash Management Policy

3. That all stakeholders be consulted on the tabled draft annual budget.

[FOR RESOLUTION]

Minutes of the Council Meeting – 30 March 2017

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 - [n] Financial System of Delegations (MFMA Circular 73)
 - [o] SCM Policy on Infrastructure Assets
 - [p] Petty Cash Management Policy
- 3. That all stakeholders be consulted on the tabled draft annual budget.